

North Somerset Council

REPORT TO THE ADULT SERVICES AND HOUSING POLICY AND SCRUTINY PANEL

DATE OF MEETING: 7 MARCH 2019

SUBJECT OF REPORT: MONTH 9 ADULT CARE AND HOUSING BUDGET MONITOR

TOWN OR PARISH: ALL

OFFICER/MEMBER PRESENTING: FINANCE BUSINESS PARTNER (PEOPLE AND COMMUNITIES)

KEY DECISION: NO

RECOMMENDATIONS

- i. That the Panel notes the forecast annual spend against budget for adult services and housing produced as at the end of December, and the risks and opportunities associated with the medium-term position.

1. SUMMARY OF REPORT

- 1.1 This report summarises and discusses the current forecast spend against budget for adult services, highlighting key variances and contextual information. It also makes reference to the principles and processes associated with the setting of the 2019/20 budget. The budget monitoring information builds on the information presented at the Executive on 5 February and a further update based on the position at month 10 is due to be presented to the Executive on 19 March.

2. POLICY

- 2.1 The Council's budget monitoring is an integral feature of its overall financial processes, ensuring that resources are planned, aligned and managed effectively to achieve successful delivery of its aims and objectives. The 2018/19 revenue and capital budgets have been set within the context of the council's medium term financial planning process, which support the adopted Corporate Plan 2015 to 2019.

3. DETAILS

Overall position

- 3.1 A relatively stable and sustainable budget position appears to have been reached following successive years of budget growth, combined with a programme of savings designed to impact both on demand and on unit costs. The overall projected year end position for the Adult Care and Housing Services, as at the end of month 9, is a £0.022m projected net under spend on a net budget of £67.057m. The position is summarised in the table at Appendix 1. However, as we continue the winter season demand for social care typically increases and there are still many diverse factors that could lead to changes in the forecast (both adverse and favourable). In particular, forecasting income for the year can be complex.
- 3.2 It is also worth noting that around £1.5m of 2018/19 commitments rely on funding from one-off government grants including the £924k for Winter Pressures recently allocated from central government and planned use of earmarked reserves and this is planned to increase in 2019/20. The government's Spending Review due next year will determine whether this additional funding will be sustained from 2020 and this remains a key risk in the medium term.
- 3.3 The main areas of variance are as follows and more detailed information on these is included at Appendix 2.

	£000s
Individual Care Packages	(196)
Assistive Equipment and Technology	31
Information and Early Intervention	154
Social Care Activities	110
Commissioning	(157)
Strategic Housing Service	37

Individual Care Packages

- 3.4 75% of the gross expenditure in Adult Care is on Individual Care Packages. Accurately predicting income and expenditure in this area is difficult, and assumptions have to be made about future levels of demand, particularly in relation to transitions from children's to adults, short term placements, income, and savings measures still to have an impact on costs. Given that gross expenditure in this area is in the region of £75m, even small percentage variations can have a significant monetary impact on the overall position.
- 3.5 Period 9 forecasting indicates that gross expenditure is around £2.9m more than in 2017/18 (Appendix 3). On average, around 25% of gross expenditure is recovered through client or health contributions. This increase is broadly reflective of the inflationary increases applied to the various care providers, expected levels of demand, including for complex transitions cases from Children's Social Care and the increased contribution to s117 cases, which is currently being evaluated. General growth in demand continues to be managed and mitigated through various early intervention measures as far as possible, but we have so far in winter seen a rise in short term placements and increase in demand for long term residential placements. A breakdown of the placement types is shown in Appendix 4

- 3.6 Activity and unit cost data (see Appendix 5) confirms an overall stabilisation in activity and a profile of packages of care that is broadly similar to 2017/18. However, there appears to be a decrease in overall nursing care and home care and an increase in supported living, shared lives and direct payments. The increase in average unit costs (beyond inflation) is reflective of increases in the intensity and complexity of support.

Savings

- 3.7 A system is in place to monitor the achievement of savings that were written into the 2018/19 budget. Savings targets are often difficult to monitor, given that many relate to cost avoidance or mitigation of future cost increases rather than simple reductions in expenditure. That said, good progress is being made with many projects, including the capitalisation of aids and equipment, reducing spend on housing floating support, increasing income and re-commissioning of the Handyperson contract. Monitoring achievement in targets needs more work in relation to quantifying the benefits of early intervention at the Single Point of Access. The savings expected from reducing the costs of home care packages exceeding 30 hours a week have not yet materialised, but these saving were significantly over-achieved in 2017/18 meaning that the opportunity for further savings has reduced. It is possible that savings may accelerate towards the end of the year.

Medium Term Planning

- 3.8 One of the key principles of the 2018/19 budget setting process was to re-base the Adult Social Care budgets to reflect current and future demand. As a result, and despite the Council's overall financial position, a significant amount of growth was allocated to the budget for 2018/19. The same principles have been applied to the 2019/20 budget setting process with growth allocations for provider inflation and demand growth as follows:
- 3.9 As mentioned above, it is worth reiterating that significant one-off resources are proposed to be used to supplement the funding available for supporting adult care needs, relieving pressure on the NHS and supporting the social care provider market.

2019/20 Budget Growth Item	Growth within the MTFP £000	Funded from one-off grants / reserves £000
Inflation for pay and pensions	293	0
Social care provider inflation, including National Living Wage; increasing demand, including transitions from children's services	3,406	906
Mitigating demands pressures, relieving pressure on the NHS and supporting the provider market	2,113	2,113
Changes in income from the CCG	250	0
TOTAL	6,062	3,019

- 3.10 Detailed activity and unit cost analysis has been undertaken, and in broad terms the inflation allocation will lead to an increase in costs of between 3% and 5% depending on the type of provision. The growth for demand pressures is designed to fund a 1% increase in demand.

3.11 The new Adult Social Care Vision for Maximising Independence and Wellbeing is the cornerstone of future approach to service provision and funding and is directing our 2019/20 programme. The main elements of the 2019/20 programme, which are targeted to deliver savings, are as follows:

- Bringing forward additional alternative care accommodation solutions that are more cost effective and increase independence – Extra Care Housing, Supported Living and Shared Lives
- Increasing the efficiency and effectiveness of existing arrangements through “whole home” reviews of shared supported living schemes, and recommissioning accommodation-based supporting people contracts
- Undertaking timely reviews of care assessments and ensuring that the best use is made of assistive technology to release capacity, particularly in domiciliary care and supported living
- Ensuring income from health partners represents an appropriate contribution in relation to the health aspects of care packages

3.12 The main **risks** and concerns associated with the adult care budget going forwards are:

- The stability of, and increasing costs in, the adult social care provider market and the potential impact of BREXIT on the employment market;
- Financial pressures facing the health economy (specifically the new combined Clinical Commissioning Group) and their impact on our income and expenditure;
- The growing demand for services for the elderly and those with complex disabilities, particularly those moving from childhood to adulthood;
- Any consequential impact on statutory services of the reductions made to early intervention and prevention services;
- The sustainability of grant funding, including the Better Care Fund grant.
- Any changes resulting from the long awaited Green Paper

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Appendix 1 – Analysis of Budgeted and Forecast Income and Expenditure

DEPARTMENTAL ANALYSIS OF THE PEOPLE AND COMMUNITIES DIRECTORATE												
BUDGET AS AT 31/12/2018 (PERIOD 9)												
FINANCIAL ANALYSIS BY SERVICE AREA	Revised Budget				Projected Out-turn				PROJECTED VARIANCE			
	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £
Physical Support	29,742,131	(9,477,365)	0	20,264,766	26,961,008	(9,475,408)	0	17,485,600	(2,781,123)	1,957	0	(2,779,166)
Sensory Support	106,680	(40,440)	0	66,240	135,263	(46,611)	0	88,652	28,583	(6,171)	0	22,412
Memory & Cognition	8,904,583	(3,827,969)	(169,000)	4,907,614	10,313,188	(4,335,611)	(360,000)	5,617,577	1,408,605	(507,642)	(191,000)	709,963
Learning Disability	26,972,627	(3,086,849)	0	23,885,778	27,140,747	(2,707,333)	0	24,433,414	168,120	379,516	0	547,636
Mental Health	6,741,847	(1,623,350)	0	5,118,497	8,875,974	(2,350,086)	(137,350)	6,388,539	2,134,127	(726,736)	(137,350)	1,270,042
Social Support: Substance Abuse	39,285	(4,088)	0	35,197	179,700	(17,302)	0	162,397	140,415	(13,214)	0	127,200
Social Support: Support for Carer	738,393	(249,916)	0	488,477	721,812	(244,672)	0	477,140	(16,581)	5,244	0	(11,337)
MTFP Remaining savings assumptions					(83,000)	0	0	(83,000)	(83,000)	0	0	(83,000)
	73,245,546	(18,309,977)	(169,000)	54,766,569	74,244,691	(19,177,022)	(497,350)	54,570,319	999,145	(867,045)	(328,350)	(196,250)
		(0)										
Assistive Equipment & Technology	239,762	(55,122)	(31,500)	153,140	291,861	(76,085)	(31,500)	184,276	52,099	(20,963)	0	31,136
Information & Early Intervention	1,816,276	(1,161,720)	0	654,556	1,984,302	(1,175,744)	0	808,558	168,026	(14,024)	0	154,002
Social Care Activities	7,841,602	(941,693)	0	6,899,909	8,192,039	(1,143,530)	(39,000)	7,009,509	350,437	(201,837)	(39,000)	109,600
	9,897,640	(2,158,535)	(31,500)	7,707,605	10,468,202	(2,395,359)	(70,500)	8,002,343	570,562	(236,824)	(39,000)	294,738
Commissioning & Service Strategy	12,755,902	(9,570,805)	(40,000)	3,145,097	12,790,000	(9,631,309)	(171,051)	2,987,640	34,098	(60,504)	(131,051)	(157,457)
	12,755,902	(9,570,805)	(40,000)	3,145,097	12,790,000	(9,631,309)	(171,051)	2,987,640	34,098	(60,504)	(131,051)	(157,457)
Housing Services	2,562,951	(953,316)	(171,720)	1,437,915	2,537,178	(1,107,523)	47,382	1,477,036	(25,773)	(154,207)	219,102	39,121
	2,562,951	(953,316)	(171,720)	1,437,915	2,537,178	(1,107,523)	47,382	1,477,036	(25,773)	(154,207)	219,102	39,121
SOCIAL SERVICE & HOUSING TOTAL	98,462,039	(30,992,633)	(412,220)	67,057,186	100,040,071	(32,311,214)	(691,519)	67,037,338	1,578,032	(1,318,581)	(279,299)	(19,848)

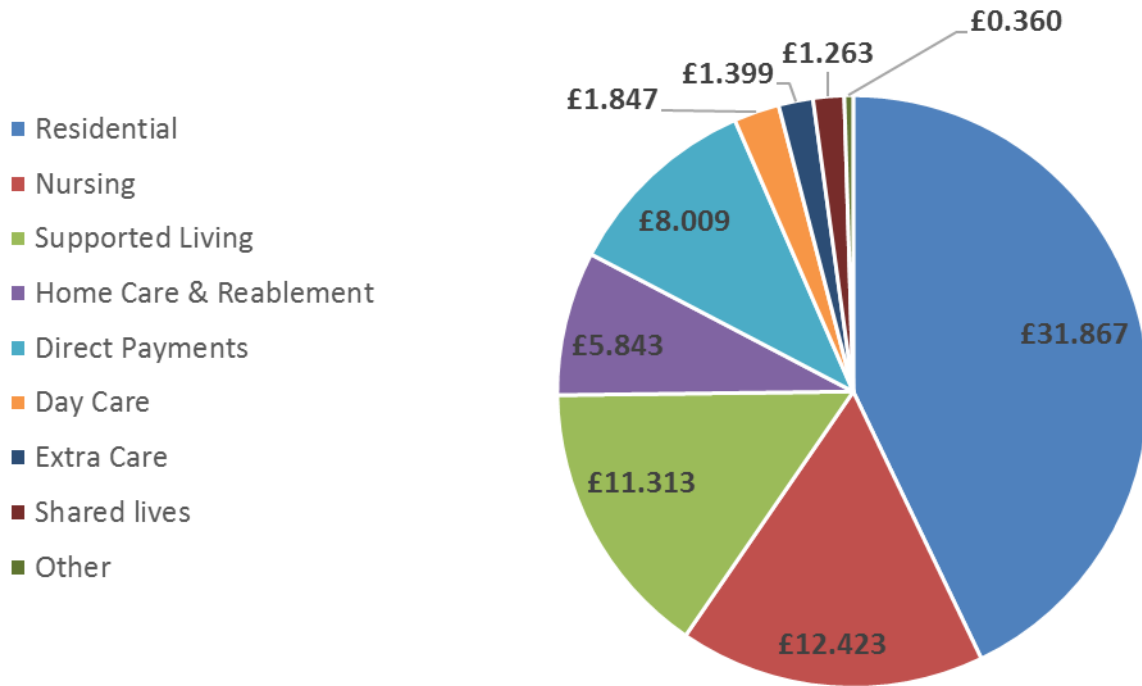
Appendix 2

Adult Care - Explanation of key variances outside Individual Care Packages

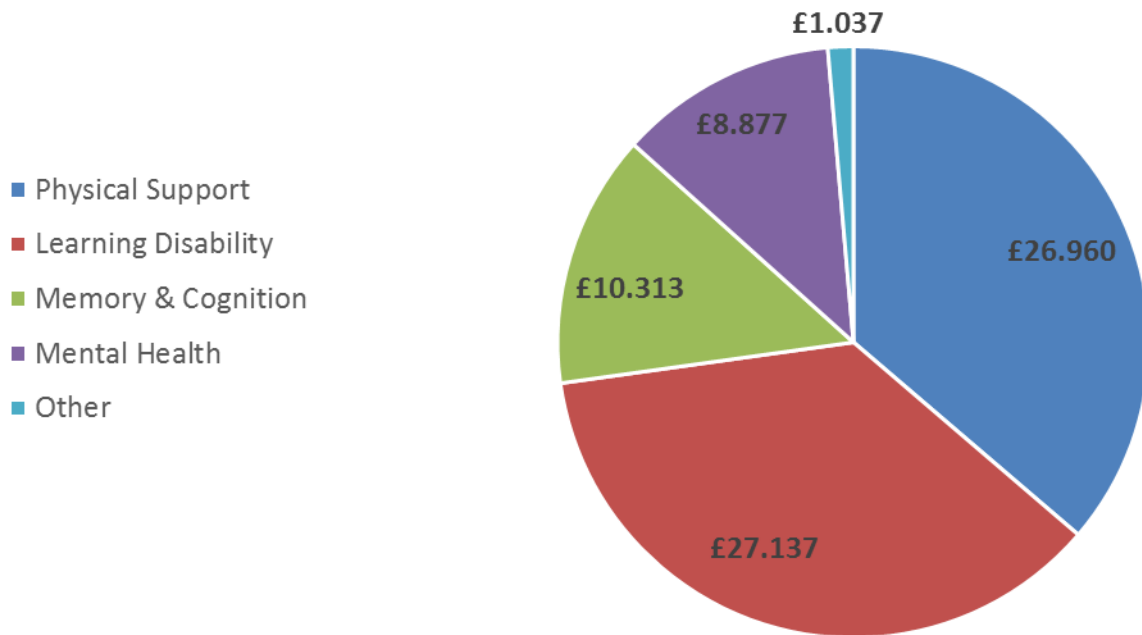
- Overall variance for assistive technology and equipment is not significant at £31k over budget, however, it is worth noting this is a potential risk area as in quarter 1 demand and costs rose compared to 2017/18, however the costs stabilised in quarters 2 and 3. The projected outturn also includes assumption of £300k of being capitalised in line with revenue and capital budgets for 18/19.
- Information and early intervention costs overall are forecasted to have a net adverse variance of £154k – this relates largely to £125k of unbudgeted costs for the Access your Care Response 24 service, which helps prevent costs in care in the community.
- Social Care Activities overall has a projected adverse variance of £110k and this is mainly attributed to direct cost of employees, which includes the cost of all the locality teams, SPA, and teams for learning disabilities and mental health teams. Note that these staffing costs pressures are contained overall as there is a similar favourable variance in commissioning and service delivery.
- Commissioning and Service Delivery shows a favourable variance of £157k, which largely relates to employee costs in the commissioning and contracting teams. There are cost pressures in connection with ICT and Better Care Fund recharges for programmes such as SPA/Health /Connecting Care costs.

Appendix 3 – Breakdown of Spend on Individual Care Packages

2018-19: £74.3m Gross Projected Spend on Individual Care Packages



2018-19: £74.3m Gross Projected Spend on Individual Care Packages



Appendix 4 – Adult Care - Analysis of Gross Expenditure on Individual Care Packages @ Period 9 2018/19

Service Type	2017-18 Actual Gross Expenditure	2018-19 Gross Expenditure Budget	2018-19 Projected Gross Expenditure	Projection v Budget	Projection v Budget %	Change from 2017-18	Change from 2017-18 %
Residential	27,309	28,850	29,379	529	1.8%	2,070	7.6%
Nursing	11,319	11,355	10,953	(402)	-3.5%	(366)	-3.2%
Short term - Residential	1,872	1,702	2,065	363	21.4%	193	10.3%
Short term - Nursing	971	836	1,205	369	44.1%	234	24.1%
Enablement - Residential	327	253	423	170	67.2%	97	29.6%
Enablement - Nursing	304	261	265	3	1.3%	(39)	-13.0%
Shared lives	1,036	1,093	1,263	170	15.5%	227	21.9%
Supported Living	10,864	10,882	11,313	431	4.0%	449	4.1%
Home Care	5,900	5,679	5,501	(178)	-3.1%	(399)	-6.8%
Extra Care	1,278	1,327	1,399	72	5.4%	121	9.5%
Reablement	419	511	342	(169)	-33.1%	(77)	-18.5%
Day Care	1,816	2,118	1,847	(271)	-12.8%	32	1.7%
Direct Payments	7,767	8,012	8,009	(2)	0.0%	242	3.1%
Direct Payment Carers	59	50	34	(15)	-30.8%	(25)	-42.2%
Other	326	317	326	9	2.7%	0	0.1%
TOTAL	71,567	73,246	74,324	1,079	1.5%	2,757	3.9%

Appendix 5 – Adult Care - Headline Unit Cost and Activity Data (Based on Period 8)

ADULT SOCIAL CARE PACKAGES OF CARE COST & VOLUME SUMMARY																
Analysis of Gross Expenditure by Primary Support Reason (Based on Monthly Live Cases)																
		Budget for 2018/19			Period 8 2017/18			Period 8 2018/19			Budget Variance @ P8 2018/19			Yearly Comparison vs P8 2017/18		
		Volume	Unit Cost	Gross	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment	Volume	Unit Cost	£ Outturn	Volume	Unit Cost	£ Outturn
Learning Disability	Subtotal	736	703.34	26,972,629	697	721.36	26,215,196	715	732.21	27,296,855	(21)	28.87	324,226	18	10.85	1,081,659
Physical Support	Subtotal	1,562	365.09	29,742,131	1,577	346.82	28,517,411	1,515	344.92	27,245,707	(47)	(20.18)	(2,496,424)	(62)	(1.91)	(1,271,704)
Mental Health	Subtotal	270	479.49	6,741,845	265	465.99	6,438,612	328	510.20	8,712,104	58	30.71	1,970,259	63	44.21	2,273,492
Memory & Cognition	Subtotal	374	456.25	8,904,583	411	409.76	8,781,023	389	503.41	10,210,419	15	47.17	1,305,836	(22)	93.65	1,429,396
C&V Activity PSR	Subtotal	2,942	471.74	72,361,188	2,950	454.79	69,952,242	2,947	478.19	73,465,085	5	6.45	1,103,897	(4)	23.41	3,512,843
Carers Support	Subtotal			738,393			765,441			719,775			(18,618)			(45,666)
Sensory Support	Subtotal			106,680			103,927			144,375			37,695			40,448
Substance Misuse	Subtotal			39,286			64,497			170,700			131,414			106,203
ADULTS CIC FORECAST	Overall Gross Total			73,245,547			70,886,107			74,499,935			1,254,388			3,613,828
Analysis of Gross Expenditure by Service Provision Type (Based on Monthly Live Cases)																
		Budget for 2018/19			Period 8 2017/18			Period 8 2018/19			Budget Variance @ P8 2018/19			Yearly Comparison vs P8 2017/18		
		Volume	Unit Cost	Gross Expd	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment
Day Care	Subtotal	284	142.91	2,114,795	251	158.77	2,077,794	233	157.82	1,913,129	- 51	14.91	- 201,666	- 19	- 0.95	- 164,665
Direct Payment	Subtotal	336	456.22	8,003,319	347	425.84	7,704,543	339	478.61	8,459,633	3	22.39	456,314	- 8	52.77	755,090
Enablement - Residential	Subtotal	11	459.40	253,063	18	293.02	275,002	14	513.16	374,584	3	53.76	121,521	- 4	220.14	99,582
Enablement - Nursing	Subtotal	9	884	261,202	13	1,700	259,012	6	601.19	245,905	- 3	- 283.02	- 15,297	- 7	- 1,098.67	- 13,107
Extra Care	Subtotal	132	191.79	1,317,417	112	218.24	1,274,455	125	212.53	1,385,146	- 7	20.74	67,729	13	- 5.71	110,691
Homecare	Subtotal	676	161.20	5,679,009	707	157.74	5,814,794	695	151.68	5,496,360	19	- 9.53	- 182,649	- 12	- 6.06	- 318,434
Nursing	Subtotal	335	648.12	11,304,154	334	634.88	11,056,298	290	725.36	10,967,891	- 45	77.24	- 336,263	- 44	90.48	- 88,407
Reablement	Subtotal	-		510,915	63	153.28	503,512	51	120.92	321,551	51	120.92	189,364	- 12	- 32.36	- 181,961
Residential	Subtotal	735	750.55	28,775,695	696	754.33	27,374,304	720	770.55	28,926,971	- 15	20.00	151,276	24	16.22	1,552,667
Shared Lives	Subtotal	47	443.00	1,093,079	36	493.31	925,962	42	589.39	1,290,695	- 5	146.39	197,616	6	96.08	364,733
Short Term - Nursing	Subtotal	27	601.79	836,174	9	1,753.09	822,656	12	1,903.85	1,191,198	- 15	1,302.06	355,024	3	150.75	368,542
Short Term - Residential	Subtotal	36	710.04	1,329,978	35	715.37	1,305,470	29	1,048.13	1,584,832	- 7	338.09	254,854	- 6	332.76	279,362
Supported Living	Subtotal	315	662.55	10,882,388	329	615.51	10,558,440	391	554.63	11,307,190	76		424,802	62		748,750
C&V Activity Type	Subtotal	2,942	471.74	72,361,188	2,950	454.79	69,952,242	2,947	478.19	73,465,085	5	6.45	1,103,897	- 4	23.41	3,512,843
Carers Support	Subtotal			738,393			765,441			719,775			- 18,618			- 45,666
Sensory Support	Subtotal			106,680			103,927			144,375			37,695			40,448
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